RWANDA MICROFINANCE SECTOR ASSESSMENT 2005

Presented by:

Enterprising Solutions Global Consulting, LLC

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ABBREVEATIONS

ARIM	Association Rwandaise des Institutions de Microfinance
BCR	Banque Commerciale du Rwanda
BANCOR	Golden Trust Bank
BCDI	Bank of Commerce, Development and Industry
BK	Banque de Kigali
BNR	Banque Nationale du Rwanda
COGEBANQUE	Compagnie Générale de Banque
CSS	Credit and Savings Scheme
CRISER	Centre de Recherche et d'Information en Socio-Economie Rurale, University of Butare
IMF	International Monetary Fund
LLC	Limited Liability Company
MFI	Microfinance Institution
Minecofin	Ministry of Finance and Economic Planning
NGO	Non-governmental organization
PRSP	Poverty Reduction Strategy Paper
RIM	Réseau Interdiocésain de Microfinance
RMF	Rwanda Microfinance Forum
RoSCA	Rotating Savings and Credit Association
RwF	Rwandese franc
SME	Small and Medium Enterprises
UBPR	Union des Banques Populaires du Rwanda
WOCCU	World Council of Credit Unions

Executive Summary

Despite the fact that the microfinance sector in Rwanda is still young, it has been growing at a fast pace in the last years and its outreach surpasses that of the traditional banking industry. In terms of volume, close to US$100 million is mobilized in the sector and $85 million was extended to MFI clients as credit. In comparison, the commercial banking sector has approximately $400 million in deposits and slightly over $300 million in loans. These volumes speak for themselves, demonstrating the significance of the microfinance sector in the financial sector at large.

The development is however somewhat uneven. Notably, a particularity of this sector in Rwanda is that more than half of the sector's assets and clients are managed by the UBPR. Further, there is an imbalance between urban and rural areas. Service delivery differs also greatly from one area to another within the same provinces, which is often related to cash crop zones and other areas. Lastly, many of the MFIs face an imbalance between the number of clients they are servicing and their institutional capacity.

Three of the larger MFIs were established as recently as 2004, so they have not yet weathered the test of time. Most MFIs lack credit management skills, and do not focus on avoiding delinquency, which results in excessive, costly and weak delinquency management and unnecessary high portfolio at risk percentages.

Management information systems and internal controls and risk management strategies are also inadequate in most MFIs. Very often the accounting MIS is used for the day to day operation of these institutions which makes reporting and portfolio monitoring very difficult. Business planning is weak and MFIs find themselves unable to manage their client growth in line with their growth in capacity. This poses a risk to the MFIs as well as the industry at large. Moreover, most institutions have a poor client oriented approach as there is little effort to develop demand-led products that meet specific researched client needs, differentiate services from competitors, and enhance the image and branding of the institution.

The microfinance sector in Rwanda is currently at a key moment in its development phase as it is being formalized and regulated. To overcome sector challenges, support should be multi-tiered as it must support the *government* in efforts to jump-start a broad dialogue with all stakeholders and to develop a policy framework voicing sector building needs and priorities, while at the same time offer *MFIs* the support to manage their growth and formalize their operations, implement industry best practices and become more efficient, and demand driven institutions.

Over the past few years, a number of activities have been undertaken to formalize microfinance service delivery, but a lot remains to be done to create a truly enabling environment for MFIs that at the same time protects depositors and promotes institutional financial transparency. Piecemeal support to a number of MFIs has had some merit, but has so far not equipped the industry with the building blocks it needs and to make headway to the ultimate aim of an inclusive financial sector. So the support infrastructure – such as capable local technical service provider facilities, a functioning MFI network organization, information and research capacity to innovate, specialist audit firms – needs to be build almost from scratch.

The development of an inclusive financial sector and the decrease of the demand and supply gap evident in current financial services delivery to the lower income market segment will contribute

towards the country's poverty alleviation. This will be a timely intervention strategy given Rwanda's progress in other areas, yet apparent difficulty in the trickle down of these advances to the poor. Key underlying conditions are being met. The inflation is low, markets liberalized and the BNR can function relatively independently from the government. The success will now largely depend on more manageable factors in the near future such as stakeholder coordination and joint planning.

Donors among themselves, government ministries among themselves, MFIs among themselves, all need to better coordinate their efforts. Moreover, key stakeholders such as the government, the BNR, MFIs, MFI networks, NGOs and research institutions, donors, and selected banks, could greatly benefit from enhanced coordination. It requires some investment in time and bringing such a broad range of stakeholders around the table is not always easy, but it seems a possibility in Rwanda and the upside will be high for everybody, like it has been in some other countries, such as Afghanistan, Bosnia and Herzegovina, Sierra Leone, to name but some.

In addition, stakeholders need to reflect on how they can best fill the void and how to spearhead this important inclusive financial sector building effort capitalizing on the high interest in the sector. Multilateral organizations, such as the World Bank or UNCDF/UNDP are often best placed to assist the government in driving the process, and the best placed entity for Rwanda still needs to emerge.

1. Background

Improved financial services provide the poor an opportunity to improve their livelihoods and, alongside with social services, can contribute to poverty reduction. The financial services needed do not cover micro credit alone, but also other services are in demand. These include above all savings, but also money transfer services, micro insurance and micro leasing, all of which can play an important role in the economic empowerment of the poor.

The Government of Rwanda is aware that poverty reduction could not be achieved without access to financial services by the poor. As a result, microfinance is considered a powerful tool and the current Poverty Reduction Strategy Paper emphasizes it.

A number of initiatives to boost the microfinance sector in Rwanda have been put in place so far, including the development of a legal and regulatory framework. The development of a sector policy is underway.

SNV, in its attempt to strengthen the private sector and make a dent into the poverty level in Rwanda, deemed it necessary to carry out a contextual analysis of the microfinance sector in Rwanda, in order to develop an appropriate microfinance strategy which would ensure effective provision of financial services.

Consequently, an assessment of the microfinance sector in Rwanda was conducted by Enterprising Solutions. It focused on the range of financial services available; who has access to them and who does not, the key constraints and opportunities to providing microfinance, the key stakeholders, and their respective roles in creating an enabling environment and access of the poor to financial services. The assessment has its limitations as it had to be done within a three week period – demand, supply, enabling environment and strategic positioning considerations, including travel to four of the provinces. The wide range of issues are however all necessary ingredients at this stage to inform SNV and enable it to prioritize and develop strategies to support the sector and strengthen the coping capacity of the poor through improved financial services.

2. Country Context

2.1 Demographics and Political Situation

Rwanda is the most densely populated country in Africa; landlocked with few natural resources and minimal industry. It has a total land area of 26,338 Km^2 and a population of 8.8 million, which is estimated to be growing at 2.4% annually. There are more than 300 people per square kilometer and only 52% of the country's surface area is arable with much of the country being mountainous especially in the western region.[1]

Under increasing pressures on land and decreasing plot sizes per family, in October 1990 old tensions flared up and a civil war started between the predominantly Hutu Rwandan army and the

[1] African Development Bank, Rwanda, Evaluation of the Banks Assistance to the Social Sector, Sept. 2002

Tutsi-led Rwanda Patriotic Front (RPF), and continued on and off until early 1994. During the conflict, *Interahamwe* militias were created to harass internal opposition groups, in particular Tutsis. After the assassination of President Habyarimana in April 2004, the genocide erupted and in a three months period more than 800,000 people, mainly Tutsis and moderate Hutus, were killed. By mid-July 1994, the RPF forced the Rwandan army and the *Interahamwe* out of the country, which brought the war and the genocide to an end. However, about 2 million people fled to neighboring countries.

The social infrastructure of health and education were seriously affected by the genocide and the quality of services, already very unsatisfactory before the conflict, declined, due to lack of human and financial resources. The pronounced degradation of social indicators in the aftermath of the war, which represented considerable hardship was undoubtedly worse than the dry figures show in terms of access to health care, education and potable water.[2]

The demographic structure also dramatically changed after the 1994 events with women now accounting for about 54% of the total population. In the 16-64 years age group - representing half of the population - women accounted for 27% compared with 22% men. Adult women were about 23% more numerous than adult men.[3] The HIV/AIDS epidemic threatens the country human resources and development with over 13% of the population over 12 years old infected with the virus.

While Rwanda's economic situation has been improving over the past decade, most Rwandans are worse off today than in the late 1980s, particularly in rural areas. As a consequence of the genocide, many people are particularly vulnerable. One-third of households are headed by women. One million children, 12% of the total population, are orphans, cared for by impoverished family or community networks.

Yet, the country is at peace and secure and exiles, both the 1994 and pre-1994 refugees, have returned to Rwanda. The establishment of a national police force has helped to improve the human rights situation. A new constitution was enacted in June 2003. The first multi-party presidential and parliamentary elections since independence were held in August and September 2003, resulting in the election of President Kagame.[4]

2.2 Macroeconomic Context

The per capita Gross National Income was US$250 in 2005 which is well below the US$600 average for sub-Saharan African countries with 60% of the population living under the national poverty line.

Over 90 percent of Rwandans rely on subsistence agriculture, with very limited participation in the exchange economy. Productivity is low, and production covers only 80 percent of Rwanda's food needs. The primary export crops are coffee and tea. Like most post-war economies, economic growth and social changes are severely constrained by the shortage of skilled people, and Rwanda is

[2] African Development Bank, Rwanda, Evaluation of the Banks Assistance to the Social Sector, Sept. 2002
[3] IFAD, Rwandese republic Country Strategic Opportunities Paper, 2002
[4] World Bank Website (www.worldbank.org)

making significant investments to make up for the losses. But currently, about 1 million youths are unskilled, a problem with important economic and socio-political dimensions.
The 1994 genocide decimated Rwanda's fragile economic base, severely impoverished the population, particularly women, and eroded the country's ability to attract private and external investment. In 1994 the GDP fell by 50% and almost all economic sectors collapsed. In the aftermath of the genocide, the government managed to quickly stabilize the economy and to put it on a path of rapid growth, which was largely driven by the post-conflict resumption of economic activity and services spurred by the presence of a large number of international NGOs and relief agencies.

Rwanda has made substantial progress in stabilizing and rehabilitating its economy to pre-1994 levels, although poverty levels are higher now. The government successfully implemented a broad program of economic reforms, focused on the exchange and trade regime, the privatization of some state enterprises, the reform of public administration, budget and financial management, and private sector development. As a result, for the last ten years, GDP growth, mainly driven by agriculture and construction, has remained high (between 6 and 9%), inflation has been broadly contained, and the exchange rate is relatively stable. In 2004, the economic growth rate reached 4% and both the trade balance and the current account improved as percentage of GDP. The inflation rate was about 13% the same year mainly due to high energy and food prices. The delivery of social services, while still weak, has improved remarkably. Key reforms to be completed in the coming period include: improve revenue performance; address the issue of internal debt (including arrears for expenditures contracted in the 1994-98 period); improve the business environment; pursue the restructuring of the financial sector; complete the privatization process; and secure land tenure.

Export earnings have been hindered by low prices, depriving the country of much needed hard currency. Despite Rwanda's fertile ecosystem, food production often does not keep pace with population growth, requiring food imports. Rwanda continues to receive substantial aid money and was approved for IMF-World Bank Heavily Indebted Poor Country (HIPC) initiative debt relief in December 2000. This has resulted in significant debt relief and has consolidated the room for development expenditure. Parallel efforts have been made to put in place a sound economic governance framework, including independent regulatory agencies, stronger public expenditure management systems with independent audit agencies, and a strong focus on anti-corruption.

Rwanda receives about US$300 million in external assistance per year, which finances about 60% of public spending, from about ten significant bilateral and multi-lateral donors: about half is provided through budget support, and the rest through projects, using parallel delivery mechanisms and donor procedures. The volatility of assistance, which affects the government’s capacity to plan and execute the budget, and the relatively high transaction costs, in a context of limited administrative capacity, have been seen by the government as two major concerns for aid quality and efficiency.

To address these issues, a budget support harmonization process was launched in 2002, shortly after the country completed its Poverty Reduction Strategy Paper (PRSP). This was formalized through a Memorandum of Understanding between the country and its key budget support partners, signed in November 2003. The memorandum declares donors’ commitment to harmonize and align their practices with regard to (a) process and timing, to synchronize with the government’s budget cycle;

(b) common criteria for evaluating macroeconomic performance; and (c) requirements for public financial management and governmental fiduciary arrangements. This successful effort led the government to seek similar harmonization for project financing. Major steps have been taken on transparency and governance issues and to support capacity building.[5]

2.3 Financial Sector and Development of Lower Segments of the Financial Sector

Rwanda's financial system is shallow and dominated by a small number of banks (see section 3.3.4). There are six commercial banks that are currently operating in Rwanda holding approximately $400 million in deposits and a little over $300 million in total loans outstanding. The domestic saving ratio is very low, only 3% of GDP, which is one of the lowest in Africa. The provision of financial services other than by the commercial banks is limited, with the exception of a credit cooperative network (Union de Banques Populaires-UBPR). Other specialized financial institutions include the state-owned development bank Banque Rwandaise de Développement (BRD) and a mortgage bank Caisse Hypothécaire du Rwanda (CHR).[6]

BNR supervisors found that approximately 40% of the commercial banks outstanding loans at the end of September 2001 were non-performing. As a consequence, a number of commercial banks have gone through rigorous restructuring and have added to their capital bases. Bank solvency is being further improved by strengthened bank supervision, including an annual inspection of all banks and full audits of three banks in 2002 and four in 2003. A commercial arbitrage court has been set up and the foreclosure of non-performing loans is being improved. A substantial share of the non-performing loans, largely extended after 1994, are related to real estate investments hurt by the NGO and international aid organization activity scale down in Rwanda and by transportation projects hit by the imposition of restrictions on trucks transiting Tanzania and Kenya. However, the incidence of non-performing loans in other sectors suggests that additional factors may have contributed to the buildup of problems, including a post-1994 decline in the effectiveness of the legal system in commercial and banking matters that has undermined loan compliance and enforcement. Though the situation has now improved, the credit culture still remains weak.

The Rwandan financial sector, as in most developing countries, has not traditionally served the lower end of the market very well. This is unfortunate as the majority of private companies in Rwanda are micro, small and medium enterprises (MSMEs). Measured in terms of broad money to GDP, the financial sector depth is 17% which is low compared to other sub-Saharan countries. Credit financing remains concentrated in Kigali and to a limited number of sectors, particularly trade and manufacturing. Agriculture, which is the largest economic sector, received only 2% of direct bank credit in 2003.

Fund liability and asset matching problems caused by insufficient medium and long-term deposits, force local banks to provide mostly short-term loans (61% in 2002) compared to mid and long-term finance (19% each). However, total commercial bank credit to the private sector has been increasing over the last years at a sustained rate above 10% and credit to public enterprises has been on a declining trend (See Table 1).

[5] www.worldbank.org
[6] IMF, Rwanda Financial Sector Assessment, 2005

Table 1: Evolution of credit supply to the economy (in RwF billions)

	Dec 01	Dec 02	Dec 03	Dec 04
Credit to economy	77.5	89.0	102.1	112.3
Credit to private sector	76.5	85.5	97.2	107.6
Credit public enterprises	1.0	3.5	4.9	4.7

Source: MINECOFIN (2005), p.41

The insurance sector is also small, with four companies (one state-owned and three private). The pension system is restricted to a public pay-as-you-go system which provides mandatory coverage to public and private sector workers in the formal sector. Microfinance institutions (MFIs) and cooperatives are the main channel to extend financial services to the low income clientele. Like the banking sector, their outreach is also low in rural areas with the exception of the credit cooperative network Union de Banques Populaires (UBPR).

3. Microfinance Sector Development In Rwanda

3.1 Stage of Maturity of Sector

The microfinance sector in Rwanda is a relatively new and a fast growing market. Despite the existence for decades of informal finance grassroots organizations such as the *tontines*, microfinance really started with the creation of the Union de Banques Populaires (UBPR) in 1975. Since then, the microfinance market has followed different phases in its evolution.

The first phase, which was before the 1994 genocide, was characterized by slow growth and expansion of a few financial institutions, which mainly offered services in Kigali. After the genocide, many international NGOs became involved in the financial sector by implementing relief oriented microfinance initiatives. In addition, the government granted a significant amount of financial assistance to the population through heavily subsidized credit lines and grants by means of a series of development projects. The different initiatives were not well structured and good practices were not promoted. This generated a contagion of delinquency habits amongst the population including commercial bank clients, where 45% of the loans were non-performing.

Due to Rwanda's sustained development approach, some of these NGO initiatives and government projects have gradually been formalized into MFIs. In general, more formalized microfinance services were introduced to the country towards the end of the 1990s. However, currently there are still few microfinance services and products in the market and MFIs are just starting to invest in market research and product development. Overall, the financial market depth is still low.

3.2 Microfinance Demand

Before the war, Rwanda had a thriving micro, MSME sector in manufacturing, arts and crafts, carpentry, tailoring, garment making, metal working, leather products, minerals, and maintenance work. The Ministry of Industry and Tourism undertook a survey in 2000[7] to determine the

[7] Minicom, '*Etude sur l'Evaluation des Besoins en Formations et en Interventions des Enterprises Rwandaises*', *Fonds de Soutien au Secteur Prive*, October 2000.

constraints of MSMEs. Entrepreneurs cited lack of finance (33%), followed by lack of qualified human resources (21%) as main business constraints.

The poor, in particular, have had very limited contact with financial institutions and are not used to accessing formal financial products. They are unaware of the range of the different financial products available. A survey conducted by the World Council of Credit Unions (WOCCU) with four credit unions in Rwanda revealed that approximately 50% of clients and non clients were not aware of the financial services provided by cooperatives.

The Ministry of Finance (Minecofin) conducted a poverty assessment survey across the country that revealed that 77% of potential microfinance clients have never resorted to any formal or informal financial services provider while 23% had.[8]

A recent financial sector assessment estimated that 15% of the economically active population has a savings account in formal financial institutions.[9] Though the percentage of the active population with access to finance is 21%, hence a bit higher than the access to formal accounts, it still demonstrates that the majority of the Rwandese has to live without this basic service.[10] Table 2 demonstrates that the number of households in need of microfinance and currently not serviced is 2.1 million people or about 400,000 households.

Table 2: Estimate of the low income active population without access to financial services

	Statistic	Calculation
Population size	8.8 million	
Active population	53%	53%*8.8 million = 4.6 million
Active population with access to financial services	21%	21%*4.6 million = 966,000
Active population without access to financial services	79%	79%*4.6 million = 3.6 million
In terms of population below poverty line	60%	60%*3.6 million = 2.1 million
In terms of households below poverty line	Average household size = 5.3	400,000

Source: compiled from PRSP, Minecofin Census 2002, http://www.popcouncil.org/pdfs/wp/144.pdf

The following are the most popular uses of microfinance services among interviewees:

- Livestock (animal husbandry) and organic fertilizers
- To take advantage of business opportunities
- Agriculture or purchasing a piece of land
- Construction and housing
- To build up lump sums for emergency needs
- Purchase raw materials
- Business improvements or diversification
- Purchase equipment

The primary reasons for the use of microfinance services were reported to be: safety, easy access, interesting terms and conditions, proximity, speed, credit, and affordable collateral requirements.

[8] SNV, country position paper
[9] IMF, Rwanda Financial Sector Assessment, 2005
[10] Minecofin Census 2002

Despite their need for financial services, potential clients consider that the following factors hamper their capacity to use financial services: nepotism, risk aversion, lack of collateral, unfriendly terms and conditions, lack of trust in MFIs, bureaucracy and paperwork.

Interestingly, a detailed analysis of a sample of 350 credit union non-members in the cities of Gisenyi, Ruhengeri, Kigali, Gitarama and Butare revealed that monthly household expenses per capita equaled 15,878 RwF while their household business income per capita was over 60,000 RwF.[11] This suggests a significant positive liquidity capacity in the low income unserved population. An increase in access of the poor clientele to reliable financial institutions and appropriate savings facilities could increase savings mobilization and help microfinance institutions better manage their liquidity stress.

3.3 Microfinance Service Providers

3.3.1 Introduction

There has been an impressive growth of MFIs over the last three years. The BNR has a list of 107 MFIs and donor programs. The number of registered institutions is 38 and 12 applications are pending as per November 2005. There are over 600,000 clients served by MFIs (See 3.3.2 and 3.3.3). Some estimates are as high as 1 million. However, these include agricultural input financing and various types of donor projects possibly including in-kind credit, which is normally not categorized as microfinance. Also included in the high figure are all estimated members of all saving and credit cooperative networks, of which usually only a portion of members are active savers or borrowers. Nevertheless, it is clear that the market penetration is higher than in some other countries. In terms of volume, close to US$100 million is mobilized in the sector and $85 million was extended to MFI clients as credit. In comparison, the banking sector has approximately $400 million in deposits and slightly over $300 million in loans. These volumes speak for themselves, demonstrating the significance of the microfinance sector in the financial sector.

There are considerable geographic differences. Generally, the central provinces, notably Ville de Kigali, are best serviced. The Eastern provinces are least serviced (See Table 3 and Figure 1 for locations).

Table 3: Geographic distribution of microfinance services by some major MFIs

	UBPR	UCT	CSS	Inkinji	RIM	Urwego	Vision Finance	CARE
Kigali MVK	X	X	X	X	X	X	X	
Kigali Nigali	X	X	X	X	X	X	X	X
Gitarama	X	X	X	X	X	X	X	
Butare	X	X	X	X	X	X	X	
Gikongoro	X	X	X	X	X	X		
Cyangugu	X	X	X	X	X	X		
Kibuye	X	X	X	X	X			
Gisenyi	X	X	X	X	X			
Ruhengeri	X	X	X	X	X	X	X	
Byumba	X	X	X	X	X	X		X
Umutara	X	X	X	X	X	X		X
Kibungo	X	X	X	X	X	X		

[11] WOCCU, 2002

It should be noted, however, that most MFIs are concentrated in urban areas while approximately 80% of the population is based in rural and remote areas. The few institutions that seem successful in rural areas are those that work in hand with farmer cooperatives in order to finance their cash crop production.

Figure 1: Administrative Map of Rwanda

Furthermore, Table 4 shows for two provinces the variations in penetration per district. The variation can be explained as follows. Leading institutions are focused on increasing their market share and outreach by expanding geographically to cash crops zones and relatively developed regions. This is understandable, as MFIs are on the path towards sustainability, and need to become profitable to ensure their continued financial health and success. A few smaller sized institutions are considering a growth strategy geared towards underserved and remote areas where they could use a quasi-monopolistic position to increase their market share.

Table 4: Market penetration of MFIs in selected districts

Region	District	Population	MFI Potential clients	Actual Clients	Penetration
Kibuye	Budaha	46,674	38,287	0	0
Kibuye	Rusenyi	107,761	78,349	839	1%
Kibuye	Kibuye Ville	44,363	21,399	6,051	28%
Butare	Maraba	66,983	35,500	2,893	8%
Butare	Save	66,393	39,097	2,130	5%
Butare	Kiruhura	68,007	38,528	0	0

Source: SNV Rwanda country position Paper, 2005

The following sub-sections provide an overview of the features of the various types of MFIs in Rwanda, starting with the most common institutional form, the member owned savings and credit cooperatives, followed by a section on credit only MFIs, banks and informal finance.

3.3.2 Savings and Credit Cooperatives[12]

Savings and credit cooperatives are the most numerous financial institutions in Rwanda**.** Savings and credit cooperatives are user-owned financial intermediaries. They have many names around the world, including credit unions, SACCOs, COOPECs, etc. Members typically share a "common bond" based on a geographic area, employer, community, or other affiliation. Members have equal voting rights, regardless of how many shares they own. Sometimes savings and credit cooperatives join together to form second-tier associations with a view to capacity building, liquidity management and refinancing. Second-tier associations also play a useful monitoring role. In Rwanda, many institutions are operating under the cooperative status but according to Rwanda's BNR, Banque National du Rwanda (BNR), very few of them are really meeting the cooperative membership requirements.

Union des Banques Populaires du Rwanda (UBPR) – is the most significant cooperative which also serves 36% of the total microfinance market and holds 60% of deposits and loans. UBPR is an apex body of Banques Populaires which was initiated in 1975 by the Rwandan and Swiss governments. The network has been receiving technical assistance and capacity building from a number of partners, notably from the World Council of Credit Unions (WOCCU). It offers savings and credit to the population mainly in rural areas but its asset-based collateral requirements limit low income clients from accessing its loan products, therefore, on the lending side its clients tend to be from the middle income market segment. However, approximately 55% of UBPR clients have saving balances between 1,000 RwF and 10,000 RwF, which are very low amounts thus the poor are the majority of its savings clients. This suggests that many low income clients value UBPR savings products. Interviews with key stakeholders in the microfinance sector indicate that the institution has been gradually shifting its focus towards the low income population. UBPR's clientele includes civil servants as well as farmers.

Coopec Inkingi - is a very recent new entrant into the market, but it has rapidly outperformed other MFIs. Though it was established only in 2004, it is already serving over 60,000 clients through 34 points of sale. It offers both individual and group lending loan products. Depending on loan cycle and client's savings, the loan size ranges from 100,000 FwR up to 1,000,000 FwR. The exact portfolio at risk could not be ascertained but it is above 10%. With 400 clients per loan officer, the productivity is high, but such a heavy workload certainly bears the risk of a further deteriorating the portfolio quality.

Coopec Ejo Heza - is another recent new entrant, established in 2004, which is growing fast. Within two years it managed to mobilize almost 10,000 depositors, 60% of whom are also borrowing. Coopec Ejo Heza employs a grouplending methodology with loan sizes between RwF 20,000 and 70,000 – hence a much lower market segment than Coopec Inkingi.

Credit and Savings Scheme (CSS) - is a savings and credit cooperative founded in 1998 and currently serves over 60,000 members. The cooperative has US$8 million in assets, 11 branches, a broad menu of financial products, decent liquidity and reserves, good portfolio quality, and a modest return on assets. The institution has been expanding its services beyond their traditional clientele of

[12] CGAP Donor Brief 25, www.cgap.org

soldiers and army personnel and also serves a number of vulnerable groups such as widows and demobilized soldiers. The institution has a relatively strong MIS in place, generating good portfolio and financial management information. CSS has a maximum loan size higher than most other MFIs. The co-op also has some longer-term loans and mortgages.

Union des Caisses des Travailleurs (UCT) - is a cooperative, founded in 1993 and restarted in 1996. It grew fast and had 30,000 members in 2000 and has doubled its membership since. It started with salaried workers who had come together to see how they could complement their pay, but currently, the number of self-employed members is higher than the number of salaried. UCT has a broad loan menu: trade, equipment, school fees, home improvement, health, etc. The average deposit size is RwF 10,000, the maximum loan size is approximately 2 million RwF and the maximum loan term is one year. It has mobilized close to US$1 million of which 60% is invested in loans. However, repayment is not optimal, as it is estimated to be in the 80% range.

3.3.3 Credit only MFIs

RIM SA – is a company that was established in 2004 by the Catholic church, pulling together the various microfinance programs undertaken by the dioceses all over the country. Its outreach has grown very fast and it currently serves 50,000 clients with loans with a maximum loan size of RwF 500,000 (a little over $900). To access a loan one has to form a group and have a savings account for six months. Repayments are made weekly. RIM SA has 200 staff in 12 offices. The portfolio at risk is reported to be around 10%, but the heavy load on credit officers is posing a risk to increase this figure further. It recently separated from Catholic Relief Services (CRS), which provided technical assistance services.

URWEGO – began its operations in July 1997 as a World Relief program to alleviate poverty by providing credit, savings, and training services that allow poor microentrepreneurs to take advantage of economic opportunities. The word "urwego" is Kinyarwandan for "ladder to success." URWEGO aims to permanently help the poor escape poverty by becoming a self-sustainable microfinance institution that can continue without donor funding. URWEGO serves over 18,000 clients, with close to a million dollars in portfolio and it reached operational self-sufficiency in 2005. A recent external evaluation asserted that URWEGO "is setting a high standard in micro-finance in Rwanda and may well play a leading role in the development of the sector for a long time to come."

Duterimbere – started as a well respected women's organization in the late 1980s and early 1990s helping women obtain credit. In addition to lending, Duterimbere holds training programs for loan applicants and organizes workshops on the management of small businesses. The organization faced financial management problems after the genocide, but pulled itself together again in 1999. To enhance its credit activities with savings services, the organization established a savings and loan cooperative, the Coopérative d'Epargne et Crédit Dutermimbere (COOPEDU). COOPEDU has a more male client base and serves a higher market segment in Kigali and its surroundings. Yet, both organizations have not managed to optimally position themselves and have not managed to achieve economies of scale.

Vision Finance – is an initiative of World Vision, an international relief agency, to promote microfinance in Rwanda. Its goal is to provide services encouraging holistic transformation in the lives of the economically productive poor Rwandese through the development of sustainable microenterprises. They are currently serving 14,000 clients and are not yet financially self-sustainable. It offers individual lending products with the loan sizes up to 100,000 RwF. Vision Finance received funding from IFAD to open a branch in Butare.

Gisubizo – was a recent initiative of an Evangelical church network which expanded at a very fast pace. It collapsed in November 2005 as a result of poor (liquidity) management. The promoter, a Pastor, Mr Tugirimana Xavier, is now in prison. This sad incident put forward a problem inherent in the sector management weaknesses: the case is now being handled by the MINICOM, the National Bank having withdrawn, under the pretext that the institution was not yet licensed. The Ministry of Finance is still silent, and no action has been undertaken to ensure that depositors have access to their savings, and borrowers abide by their contracts.

3.3.4 Banks as Microfinance Service Providers

There are six commercial banks in Rwanda: *Banque de Kigali* (BK), *Banque Commerciale du Rwanda* (BCR), Golden Trust Bank (BANCOR), Bank of Commerce, Development and Industry (BCDI), FinaBank, formerly *Banque Continentale Africaine au Rwanda* (BACAR), and *Compagnie Générale de Banque* (COGEBANQUE). Currently the three largest banks, Banque de Kigali, Banque Commerciale du Rwanda, and Bank of Commerce, Development and Industry, control about 2/3 of the total assets.

Virtually all of the banks compete across the spectrum for market segments which can be categorized as large corporations, established SMEs and consumer clientele consisting of urban salaried workers. The core group of bank customers is made up of about 50 corporate customers who, in addition to a few private firms and large public sector entities, are comprised of NGOs, consulates, embassies, and international organizations.[13]

Given that the banking sector has a significant number of large, non-performing loans (See section 2.3), it tends to avoid lending to the lower income market segment. Banks typically require 130%-200% of high quality collateral for SME loans. Banks also avoid smaller loans for their gross income generation potential which is less when compared to larger commercial loans. As such, none of the formal financial institutions seem to specifically target the low or lower middle income market segments. However, it should be noted that Banque de Kigali seems to be striving to play a more active role in servicing enterprises in rural areas, given that it is currently developing a product for coffee cooperatives. It also amended its lending procedures for loans below $10,000 (referred to as microcredit).

The Development Bank of Rwanda (BRD) is a public company; the government and its affiliated institutions own over 55% of BRD's equity. Its role is to contribute to Rwanda's economic development. In 2002, the BRD established a microfinance program in order to improve credit line capacity in favor of microenterprises and the low income population. This new mission is to contribute to the new microfinance policy that the government is finalizing. BRD is the only bank that offers some longer term financing as its core lending business is loans to medium and long term activities for the agribusiness value chain. Thus, it invests a small percentage of its loan portfolio in agricultural activities, concentrating on the financing of agricultural transformation, such as dairy farms, etc.

Besides a limited effort to penetrate the lower market segments, financial institutions also offer a relative small range of products, mainly basic savings and credit products. Even unsophisticated products such as leasing are absent. Housing finance is limited due to a lack of long-term finance,

[13] IMF, Rwanda Financial Sector Assessment, 2005

like in many developing countries, but also because of market distortions and the legacy of a real estate bubble.

3.3.5 Informal Finance

Rwanda's poor have access to a wide range of informal solutions in order to meet their financial needs. The extent to which these informal mechanisms are used by the low income population is linked to their availability, flexibility and their affordability compared to the solutions offered by the semi-formal and formal sector. Both clients and non clients of formal financial institutions use those mechanisms and the available market research data suggests that there is no significant difference in the level of usage between both groups. Savings groups such as *tontines* are well known as savings means amongst poor clientele. But the earlier mentioned WOCCU survey revealed that the most used mechanisms are friends, neighbors and the family (45%) followed by the store (32%) in which one can maintain an account that needs to be paid off at the end of the month. Most informal credit is used for consumption and personal problems.

Research showed that informal providers offer products that most closely match client priorities. In contrast, few semiformal providers in Rwanda understand client priorities or can explain why their products had been developed the way they had. Furthermore as client priorities vary even amongst relatively homogenous groups and change with the environment, the approach of most semiformal providers of 'one product fits all' has a lot to learn from informal finance features.[14]

3.3.6 Concluding remarks on overall institutional capacity

Table 5 below lists key areas of weakness and priority areas of organizational development needing technical assistance. The most urgently needed technical assistance area is indicated with a 1 and the second most urgent area with a 2, etc. The information is based on interviews with key informant technical service providers and in-country assessment of five MFIs in Ruhengeri, Gitarama, Kigali and Butare. Annex 3 provides an overview of main features of some of these main service providers.

The visits revealed that many MFIs are still at the start up stage while some are at an intermediate growth step. Notably, three of the larger ones were established in 2004 only, so have not yet weathered the test of time.

Table 5: Strengths, weaknesses and priority areas for technical assistance

MFI	Governance/ Legal status	Organization & Staff Capacity	Business Planning	Product Development	Lending methodology pricing, PaR customer care	Accounting & Finance	MIS/ Internal Controls	Risk Management
MFI 1				3	1		2	
MFI 2			2	1				
MFI 3			3		1		4	2
MFI 4	4		1		3			2
MFI 5				2			3	1
MFI 6				1			2	
MFI 7					1		2	
MFI 8		1					2	

[14] Williams, A. Post Conflict Microfinance Research Summary, 2002

It was determined that most MFIs lack *credit management* skills in general and delinquency management is still a challenge. This includes the lending methodology, pricing of products, customer care and the effectiveness of the lending methodology as reflected in the portfolio at risk (PaR). According to many MFI managers there is a weak credit and repayment culture among clients. This is a direct consequence of the massive post-war government and donor grants given to clients and subsides granted to MFIs. This is hampering the sector's sound development and its evolution towards a more market-led and business oriented operations. Product pricing is also a key weakness for most MFIs whose interest rates do not reflect the real cost of providing services to clients. A monopolistic pricing approach is most often applied, resulting in inefficient operations and a reduction of poor clients' access to financial services.

Many MFIs also don't have adequate *management information systems and internal controls* and *risk management strategies.* Very often the accounting MIS is used for the day to day operation of these institutions which makes reporting and portfolio monitoring very difficult.

A number of MFIs appear to be experiencing extremely rapid growth and do not appear to be strong in *business planning and managing their growth* in line with their growth in capacity. This poses a risk to the MFIs as well as the industry at large. Growth is one of the key determinants of major fraud cases and MFI downfall, and the risk is even higher in a sector with still weak system capacity.

Lastly, most institutions have a poor *client oriented approach* as they still operate under the "one product fits all" mind frame. There is little effort to develop demand-led products that meet specific researched client needs, differentiate services from competitors, and enhance the image and branding of the institution. Institutions with a positive market image amongst their clients are facing less liquidity constraints as they are better able to mobilize more savings due to the higher consumer confidence. These savings are an inexpensive source of funds to finance their expansion and portfolio growth.

3.4 Government Policy and the Role of Microfinance

Whereas many countries were on course to implement the MDGs during the 1990s, MDG indicators in Rwanda were dramatically reversed and it has mainly been recovering from the tragic and devastating civil war and genocide of 1994. The main challenge for Rwanda, therefore, has been to stabilize the country through unity and reconciliation, reintegration of the survivors and returnee refugees, and rebuilding the socio- economic structures.

Private sector development remains hampered by the perceived high political risks in the region and by the high cost of doing business in a scattered infrastructure and its contribution to the economy and poverty alleviation remains very limited. So, the government is aggressively pursuing a privatization policy and encouraging more investments (foreign and local) in the country through the Privatization Secretariat and the Rwanda Investment Promotion Authority (RIPA) respectively.

Rwanda completed its Poverty Reduction Strategy Paper (PRSP) in June 2002. The strategy is geared toward bringing pro-poor economic growth through six broad areas: (i) Rural development and agricultural transformation; (ii) Human development; (iii) Economic infrastructure; (iv) Governance; (v) Private sector development; and (vi) Institutional capacity-building. Rwanda's long-term vision as inspired by its vision 2020 is to reduce the proportion of Rwandans living below the poverty line from 60% to 25% and to raise per capita incomes from $250 to above $1000.

In this connection, the Rwandan government has become very interested in microfinance and recognizes that a strong sector is crucial to meet their PRSP development goals. As mentioned earlier, the role of microfinance before the war was mostly informal finance such as *tontines* except for the semi-formal UBPR. There was hardly any government nor donor involvement. The sector grew extensively and rather chaotically after the war, during the initial reconstruction stage, where there was a significant influx of foreign funds. This resulted in the insurgence of many different types, both legitimate and illegitimate, of organizations and associations which sought to provide financial services to the poor. The missions and services offered by these institutions varied considerably. While some are concerned with development, others are not interested in social impact and poverty reduction.

Given this growth, the Ministry of Finance, through the Banque Nationale du Rwanda (BNR), became actively involved in formalizing the sector and a regulatory framework has been under development since 2002 with a view to consolidating the sector. Weak or "ghost" institutions which do not really have the experience nor implement industry best practices will be eliminated be refrained from posing a potential risk to their clients.

Recently, a national microfinance policy was drafted by the Ministry of Finance, where the general objectives and strategies were identified. The objectives aim to: (i) support the development of strong MFIs, which offer viable financial services adopted to meet the needs of their market; (ii) develop an institutional framework for the coordinated development of the sector; (iii) increase the financial and investment capacity for those who would otherwise not have access to financial services; (iv) mobilize resources and invest in rural areas for a more equitable distribution of MFIs; and (v) support the development of a national microfinance expertise. Unfortunately, the exercise was not one of broad stakeholder participation, like in other countries, a process critical to any sound microfinance sector development.

3.5 Legal and Regulatory Framework

The financial sector's overall legal and regulatory framework was initiated in July of 1997, when the Rwandan government passed instruction N° 11/1997 to establish the statutes for the BNR. Financial sector regulation was further defined in June of 1999, with instruction N° 08/1999 for the supervision of banks and other financial institutions. This law excluded international aid and cooperation organizations, international financial institutions and insurance companies. The specification, legal inclusion and recognition of microfinance institutions and their important role in local financial service delivery came about with instruction N° 06/2002 in 2002. Shortly after that instruction N° 05/2003 was issued specifically for savings and credit cooperatives (SACCOs) - by far the most common type of institution in Rwanda undertaking microfinance.

The BNR is in charge of microfinance supervision and the exercise of microfinance activities is subject to a license given by the BNR. It has set up a microfinance supervision unit to this end. At the time of the mission in November, 2005, the BNR had accredited 25 savings and credit cooperatives or '*Coopecs*' and 12 other organizations were being screened to obtain licensing. The regulation, capital and reporting requirements are less stringent than for banks.

In addition, as per January 2006, 15 MFIs incorporated as Société Anonyme (SA) and one Société au Responsabilité Limitée (SARL) have been licensed. Five SARL's are currently being screened by the BNR for licensing. See Annex 4 for a list of licensed institutions.

The sector's legal and regulatory framework was initially developed with the assistance of the Canadian Embassy in Rwanda. The Embassy's Microfinance Sector Amplification Program is a US$5 million project. The objective was to develop accreditation guidelines and MFI compliance inspection to strengthen the sector's policy. The Canadian Embassy is working with Développement International Desjardins (DID), a Canadian consulting company, who has a resident advisor at the BNR to help them in the MFI accreditation evaluation process.

Yet, the legal and regulatory environment for MFIs in Rwanda, is not optimal and at times constraining, though there is evidence that it is slowly improving.

Many institutions felt excluded from the development of the legal framework, as they indicated that the BNR did not include them in any discussions during the framework's development. The regulation simply fell upon them. There is criticism from the sector that this framework is modeled after the formal commercial banking sector and is thus not adapted to the complexities of the microfinance field. Another criticism is that the government has not developed a clear strategy for the sector's development. However, the BNR has begun to include MFIs in its discussions and the framework is currently being adapted to the microfinance sector.

The supervision of credit only MFIs is uncommon and not a best practice given that they are lending their own capital and the overall task of the BNR is to ensure prudential legislation in order to protect depositors. The BNR contends that credit only MFIs are included in their supervision in order to mitigate financial system risk. However, only very large institutions could pose a serious risk to the system, since their downfall could potentially greatly impact the financial sector. These types of very large financial institutions commonly mobilize savings to finance their financing needs, and are thus typically not credit-only MFIs. Stretching the base of entities to be regulated has also slowed down the MFI licensing process, as the BNR has limited human resources to carry out this aggressive supervision plan.

A few issues are also emerging between the BNR and the Ministry of Trade given that the Ministry of Trade would like take control of SACCOs supervision. This change would likely weaken the supervision's effectiveness due to Trade Ministry's poor staff capacity and involvement. International experience demonstrates that the BNR is the most appropriate government entity to effectively supervise the country's financial sector.

The current rules for provisioning are less severe than best practices for MFIs which recommend 100% provisioning for loans delinquent for more than 180 days. As a result the BNR should strengthen the prudential framework for MFIs.[15]

Further contributing to the sector's limitations is the fact that BNR also faces its own internal weaknesses and challenges. All of the BNR's basic functions have been restored, yet it still faces formidable challenges. As the main regulator and supervisor for the financial sector, BNR's key challenges has to do with the weak environment for effective supervision, instances of regulatory forbearance and a shortage of human capital that has been compounded by weak internal governance in some financial institutions. Most notably, there is a need to (i) further enhance BNR's

[15] IMF, Rwanda Financial Sector Assessment, 2005

autonomy and supervisory powers; (ii) upgrade the accounting, auditing and payment systems, and the legal framework.[16]

Both on the legal framework as well as regulation side, Rwanda is just at the beginning stage, a lot remains to be done to create an enabling environment that protects depositors and promotes financial transparency.

3.6 Sector Infrastructure

3.6.1 Network Association

To date the microfinance sector in Rwanda is supported by a practitioner association known as the Rwandan Microfinance Forum (RMF). RMF was initiated in 2000 and is composed of more than 40 MFIs, including SACCOs, and technical assistance providers (both local and international NGOs). RMF provides training to member MFIs and took part in drafting the new microfinance policy. In addition, the network partners with many NGOs, donor agencies and other governmental ministries on specific microfinance sector related activities.

An assessment completed previously[17] revealed that RMF's strategic position as a key player between MFIs and the regulatory authorities was its core strength. However, the network suffers many weaknesses such as a lack of human and financial resources and interest and buy-in from its members. The network is currently under increased criticisms from some of its members. This is essentially due to weak staffing and the fact that the RMF's institutional structure includes practitioners, donors and technical assistance providers. The Forum has not been able to coordinate the mix of actors and focus on specific issues in order to provide adequate responses. In addition, a lack of a clear strategy and information flow lead to poor motivation for its members. RMF intends to enhance the quality and range of services provided to its members through: (*i*) increased advocacy and formal lobbying, (*ii*) credit bureau activities such as information and MFI rating and (*iii*) systematic training of MFIs members on best practices in the microfinance sector. Such a broad mandate could further aggravate its inaction, if a clearer strategy is not defined.

A new network association 'Association Rwandaise des Institutions de Microfinance' (ARIM) is currently being formed. ARIM is composed of 10 MFIs, amongst which some were previously members of RMF. Both networks are perceived as a threat to each other as there is essentially no collaboration between them. A linkage between RMF and ARIM could improve their effectiveness and the two networks could segment the institutional support to the sector with different levels of intervention. ARIM should remain at the practitioner level while RMF should take charge of a higher level of intervention at the sector level, such as the government and donors.

[16] IMF, Rwanda Financial Sector Assessment, 2005
[17] Rapport de l'atelier d'analyse et de réflexion sur la réévaluation de la mission du Rwanda Microfinance Forum; Juillet 2005

3.6.2 TA Providers

There are various international institutions that are forming partnerships with MFIs to provide technical assistance and funding.
As mentioned, long term resident technical assistance is provided by WOCCU to UBPR and by DID to the BNR.

Trocaire, an Irish NGO, recently became involved in the Rwandan microfinance sector. In 2003, they developed a pilot program where they partnered with three MFIs in Rwanda; RIM, Duterimbere and Umutanguha to provide them with technical assistance. The focus is to build their financial and institutional capacity by providing management and staff training, strategic planning, MIS, administrative support and loan capital support. Trocaire conducted an organizational assessment of the three MFIs to determine their needs and a capacity building work plan. They have also supported these partners to develop business plans and operations manuals, documents required by the BNR for MFI accreditation.

USAID provides technical assistance to the Banque de Kigali in order to double the bank's agriculture portfolio which is currently only 2.5% of the total portfolio. USAID further supports World Vision (Vision Finance) to enhance capacity building in MFIs, setting up a list of performance indicators to promote and monitor industry best practices. This is a phased program, which began in 2003 where US$1.9 million have been committed through 2007. It also granted a $1 million contract to AMIZERO, World Relief, Care International, and the Rwandan Microfinance Forum recently to reach out to poor women in the underserved Rwandan provinces of Kigali Ngali and Byumba.

CARE has set up a system of community-based, savings-led groups (through the USAID-funded CLASSE Project) which allowed project beneficiaries to gain experience in savings mobilization and loan management. This system has permitted association members to establish social solidarity, credit histories/reputation, and financial credibility, while providing themselves for their basic needs for financial services. The goal is to eventually increase the percentage of rural entrepreneurs, especially women, who have access to credit, thereby transforming the vast potential rural demand into effective demand. This is so because in rural areas there are typically no microfinance services despite vast potential demand, as the percentage of bankable people is low in light of a lack of knowledge and less concentrated markets.

AQUADEV is a Belgian NGO working in Rwanda in the area of capacity building for microfinance institutions. They support MFIs with Management Information Systems and provide training and technical assistance.

With this sector assessment, SNV is currently developing their sector capacity building strategy. However, they have already begun to work with Inkingi Microfinance SA, Urumuli Microfinance SA, Urunana Microfinance SA, Union des CLECAM Ruhengeri, CAF Isonga SA, Union des COOPEC Umutanguha, COOPEC Twitezimbere, and COOPEC Iriba, in supporting them with their organizational development and linkage banking services. Specifically, they have helped them improve their credit methodologies, and are currently drafting a proposal to develop a guarantee fund for MFIs. Other initiatives include the development of the mission, vision and strategic plan for the Rwandan Microfinance Forum and connecting it to other regional microfinance forums. It should be mentioned that SNV is perceived as a partner rather than a formal technical assistance provider by most industry stakeholders. The organization is regarded as a facilitator to the empowerment of most MFI partners. This is achieved through the enhancement of their institutional

capacities without interfering with their internal vision and goals. SNV is seen to better impact the market when it supports stakeholder coordination in the microfinance sector.

CAPMER provides business development services for SMEs. It partners with cooperatives that work in agribusiness and offers technical assistance to member small and medium formal enterprises to facilitate their access to commercial and development bank loans, mostly by preparing business plans for SMEs. There is a possibility that they expand their services to include MFIs and Credit and Savings Associations, but significant capacity would then need to be built first. What is lacking is a permanent technical assistance facility and strong local technical assistance providers.

3.6.3 Audit Firms

Most audit firms that are active in the financial sector are those authorized by the BNR and these are only focusing on the banking industry. The microfinance audit capacity will have to be built.

Even though all incorporated companies are required to prepare annual financial statements, the law is difficult to enforce until the current shortage of qualified chartered accountants is resolved. In addition, accounting regulations are obsolete and not followed in practice. A steering committee has been formed to draft legislation and establish a professional accounting and auditing association, and a body responsible for the certification of chartered accountants is being set up. The most pressing issues that need to be addressed include setting appropriate accounting standards for different categories of companies operating in Rwanda.[18]

3.6.4 Credit Bureau / informal credit referencing

The existing credit bureau only provides services for loans that are 500,000 RwF and above and is used by commercial banks for larger loans. Thus, currently there is no functioning credit bureau for microfinance services, despite the fact that the legal and regulatory framework specifies that microfinance institutions must know their client's level of indebtedness and keep a formal record of this, which must be updated every 3 months. The MFIs are requesting that the credit bureau lower the minimum loan amount to 100,000 RwF so that at least the larger microfinance loans can be monitored. Self regulation could fill this gap, but is currently not done.

3.6.5 Research Institutes with Microfinance Capacity

The Centre de Recherche et d' Information en Socio-Economie Rurale (CRISER) at the University of Butare has conducted various studies that have focused upon microfinance initiatives. However, its main interest is in rural finance themes. These studies are mainly used by professors from the agriculture and economics schools as material for their classes. However, the center has begun to sponsor conferences on related themes and research findings.

[18] IMF, Rwanda Financial Sector Assessment, 2005

3.6.6 Wholesale Finance

Interaction between commercial banks and microfinance institutions is limited. Most commercial banks are reluctant to offer wholesale finance to MFIs due the perceived lack of credibility of the microfinance sector and the lack of liquidity management skills in most MFIs.

Banque Commerciale du Rwanda (BCR), however, has expressed an interest in pursuing wholesale finance opportunities with leading MFIs. BCR is not in a position to downscale its services to include microfinance products, but has approached several MFIs to express their interest in providing financing to resolve liquidity problems. As yet, the MFIs' response was not very positive as they were somewhat suspicious of BCR proposal, thinking that the ulterior motive was to take business away.

USAID support includes a Development Credit Authority (DCA) loan guarantee program with the Banque de Kigali. The DCA loan guarantee is to promote a US$2 million agricultural credit portfolio within the commercial banking sector and thus support agribusiness and export oriented entities.

In terms of concessional lending, IFAD operates the second phase of a 7 year, $20 million project: *Projet pour la Promotion des Petites et MicroEntreprises Rurales* (PPPMER). It is implemented in three provinces in the North and offers, among other programs, a $400,000 line of credit at UBPR and $200,000 line of credit at BRD for SMEs (up to $25,000). The African Development Bank also partners with UBPR in the form of a line of credit targeted at women in Butare and Kigongoro provinces. As to BRD, the European Investment Bank (EIB) also extended a line of credit to BRD at an 11% annual interest rate and the EU donated 2.5 million Euros so that they increase their participation in microfinance and agricultural credit.

The Belgian Technical Cooperation (BTC) currently has a 1 million Euro credit line for the sector, and is unsure on how to best invest it.

Catholic Relief Services (CRS), which originally founded RIM, has now become involved in providing guarantee funds since RIM's spin-off into a separate legal entity. CRS is interested in promoting microfinance access to the poorest of the poor, particularly their target population which are infected with the HIV virus. They are starting to work with RIM and Banque Populaire so that they can begin to provide financial services to this target group. The amount of the loan guarantee fund is still being worked out.

AQUADEV, a Belgian technical service provider, is also starting to venture into the wholesaling side by trying to put in place a guarantee fund for MFIs which need to access funds for loan capital, particularly in rural areas. For the fund to operate legally in Rwanda, it is required to gather an initial share capital of at least US$ 530,000.

3.7 Prior Assistance to the Microfinance Sector

Though there have been lines of credit for small enterprise development for many years, most assistance to the lower market segment - microfinance - began after the war.

The World Bank completed the $16 million Private Sector Development Project (PSDI) in 2003. It was one of the first private sector development projects in the region that went beyond the lines of credit. The facility provided technical assistance and a line of credit supporting a range of finance and economic

development activities, including a micro, small and medium enterprise (MSME) component. The challenges encountered by this program underscores the importance of addressing structural deficiencies in the financial sector, such as enhancing loan incentives and decreasing moral hazard by reducing the state's role in bank ownership and management.

As mentioned IFAD and the African Development Bank have been providing support to Rwanda in the microfinance and SME market segments.

USAID, whose main focus is on rural finance, has provided assistance to the microfinance sector since the end of the war. As mentioned above, this support includes capacity building and loan capital funding (including Banque Populaire, CARE, World Relief, World Vision), and the DCA loan guarantee program (Banque de Kigali).

The Canadian government has supported the BNR with the development of the sector's legal and regulatory framework.

The Dutch government supported the industry through a SNV led 5 year program, which according to the Dutch Embassy in Rwanda, did not prove to be very successful. This program, which was implemented from 1996 to 2001, took place in Central and Western Rwanda and involved the RwF 50 million financing of loan capital to small institutions. SNV also provided some capacity building services to help the institutions with their organizational development. In 2005 the Dutch government decided to separate the Dutch Embassy and SNV's roles in Rwanda. The Dutch Embassy would be solely responsible for all project financing, while SNV would be the technical advisor, only focusing on capacity building endeavors and would thus cease to fund programs.

The British government (Foreign Office) has supported grass-root projects through vocational and skills training with a revolving loan fund. The annual budget is £300,000.

3.8 Overall assessment of roles played by stakeholders and room for improvement

The roles and activities of stakeholders described in detail above indicate that stakeholders operate in silos from other institutions, and thus do not work together in developing strategic industry objectives and action plans. This has resulted in a weak industry, with many players focusing on the same markets or doing the same somebody else already tried without much of a sector institutional memory of why it didn't work.

Key stakeholders involved in the development of the industry such as donors, MFI's, NGO's, the government, MFI networks, and selected banks have all expressed an interest in collaborating efforts to improve and strengthen the industry. Despite the interest in the sector, the absence of an institution or mechanism spearheading such coordinated effort is a major constraint. Section four elaborates further on the sector's challenges and opportunities and specifies some areas where future collaboration can take place.

4. Sector Prospects

4.1 Challenges

The following are the challenges the microfinance sector is facing in Rwanda:

- *Bad credit culture.* This bad credit repayment history stems from the international aid and donations influx after the 1994 war and mixing of loans and grants which distorted the market (See also Section 2.3). MFIs are still struggling to inculcate a repayment culture with their clients. This and limited employment of industry best practices, contribute to the relative low portfolio quality encountered in Rwanda.

- *Weak MFI institutional capacity.* As described and analyzed in section 3.3.5 institutional capacity is weak in credit management, MIS and internal controls, business planning and market research and product development.

- *Skill level.* MFIs find it challenging to recruit capable staff due to a low general skill level, which is not uncommon for post-conflict environments.

- *Ineffective MFI practitioner association.* Microfinance network associations can potentially serve as a platform to bring together the different donor organizations, government ministries, supervisory authorities, MFIs and clients to share ideas and experiences, lessons learned, coordinate efforts and collaboration and serve as a self-regulating entity. However, in Rwanda it is not spearheading the sector's development and formalization.

- *Enabling and proper legal and regulatory environment.* The legal and regulatory framework's development has been work in process since 2002 and remains a challenge to overcome. It is felt that there is a lack of categorization depending on the different types of existing MFIs and the types of services offered; such as small grass-root NGO's and larger MFI's with savings mobilization capacities. Additionally, the BNR currently does not yet have the human resource capacity to license and effectively implement appropriate prudential regulation for deposit taking institutions.

- *Lack of donor coordination.* Donors are not working in a coordinated manner resulting in the duplication of efforts in a number of domains. There is also a lack of industry learning from past ineffective programming (association support, bank linkages, etc). The wheel is reinvented a lot and projects are working in silos from each other and are not geared towards the building of an inclusive financial sector and measuring of progress to this end.

- *Duplication in government.* Though the fundamental responsibility of supervision is rightly accorded to the BNR, some streamlining is still needed, for instance the Ministry of Industry and Commerce, still covers finance issues instead of the better practice role of focusing on the enhancement of non-financial services to SME and in the case of Rwanda saving and credit cooperatives.

- *No shared vision.* Despite the government's clear engagement in microfinance, they have not yet managed to organize a broad dialogue among all stakeholders to agree on key sector constraints, priorities and an agenda to support the sector's healthy expansion.

- *Underdeveloped sector infrastructure*. Sector support mechanisms such as technical assistance providers, credit bureaus, audit firms, research institutions, rating agencies, and linkages with business development services (BDS) providers are either non-existent or in the development phase, which hinders the sectors advancement. In particular, the options to choose from as technical service provider in Rwanda are rather limited; international NGO's

such as AQUADEV, CARE, CRS and Trocaire provide training to partner MFIs, but such training or technical assistance is limited to a few weeks per year.

- *Limited outreach in rural areas.* The lack of basic infrastructure in rural and remote areas (electricity, roads, etc.) is an impediment to MFIs expansion in those zones. Notably, MFIs are not connected to any kind of payment system which limits their capacity to expand their outreach. While the closure of weak MFIs is a direct and positive effect of the new regulatory framework, it also reduced the outreach in remote rural areas.

4.2 Opportunities

The assessment also identified the following major opportunities for the microfinance sector in Rwanda:

- *Important untapped market demand.* The majority of the active poor population does not have access to financial services. This implies there is a large expansion and profit building margin for key market players.

- *High population density.* This also is an opportunity for MFIs to increase their outreach with relatively low transaction costs.

- *Potential to reach sustainability.* In view of the limited - though increasing - competition in the microfinance sector, most MFIs could still build up a significant market share and reach sustainability relatively easily.

- *Banking sector downscaling interest.* The total MFI portfolio is large compared to the formal banking sector's portfolio. As a result, banks are reviewing their loan products and have become interested in including MFIs as a lending client. This would mean more sustainable wholesale finance than guarantee facilities, government or donor projects.

- *Practitioner platform.* There is little reason to believe that the stagnation that the Rwandan Microfinance Forum finds itself in could not be overcome. It could potentially serve as a platform to bring together the different donor organizations, government ministries, MFIs and clients to share ideas and experiences, lessons learned, coordinate efforts and collaboration and serve as a self-regulating entity, particularly for the credit-only MFIs.

- *Microfinance policy development.* The microfinance policy can still be influenced to improve its flexibility and effectiveness in extending financial services to the very poor clientele and to increase stakeholder ownership of the process and outcome.

- *Active donor community.* The donor community is very active in Rwanda and fora for coordination have been set up in several sectors. There is also interest in the building of an inclusive financial sector. Those factors could facilitate the consolidation of the sector and its professionalization.

- *Manageable task.* Rwanda is a small country, and the building of an inclusive financial sector is rather manageable, and much easier than in vast countries like Nigeria, with more complex administrative structures and regulations.

4.3 Strategies for Sector Strengthening

The microfinance sector in Rwanda is currently at a key phase in its development as it is becoming formalized and regulated. Support needs to be multi-tiered as it should sustain the government in efforts to jump-start a broad dialogue with all stakeholders and to develop a policy framework, while at the same time offer MFIs the assistance to formalize their operations, implement industry best practices and become more efficient, and demand driven institutions.

The following are specific strategies for microfinance sector development in Rwanda along four important thrusts:

Strategy to improve synergy between actors

1 – Stimulate policy dialogue in order to develop a responsive and inclusive financial services industry. It is vital that the main decision-makers and financial services providers are identified and come together for dialogue and information sharing. In addition, early agreement among key stakeholders on the state of the sector, its weaknesses and gaps, opportunities and priorities to address can spur the realization of a blossoming, comprehensive financial services sector that will be inclusive of the poor and the vulnerable groups. This entails a sound process towards finalization of the microfinance policy and a subsequent action planning exercise.

2 – Better coordination of donor efforts. Piecemeal support to one or two MFIs has had some merits, but has so far not equipped the industry with the building blocks it needs to make headway to the ultimate aim of an inclusive financial sector. Donors need to ensure that they have lasting impact and contribute to the building of a sustainable, competitive industry. This entails micro-, meso- and macro- level activities resulting in local technical service providers, an MFI professional organization, microfinance discussion forums, audit firms, specialist capacity in research institutions, rating agencies, and linkages with business development services (BDS) providers.

3 – The consolidation of the RMF/ARIM networks to enhance their value added to the sector. This necessitates a linkage between RMF and ARIM to improve their effectiveness and could imply that the two networks segment the institutional support to the sector with different levels of intervention. ARIM could remain at the practitioner level while RMF could take charge of a higher level of intervention at the sector level, such as coordination of donor collaboration and efforts and to improve the dialogue with the BNR, government ministries and commercial banks.

4 – An institution or mechanism spearheading such coordinated effort needs to be identified. Multilateral organizations, such as the World Bank or UNCDF/UNDP are often best placed to assist the government in driving the process.

Strategy for efficiency and sustainability of the sector

1 – Wide dissemination of best practices at the micro, meso and macro levels is needed to reach a critical mass of key stakeholders that are acquainted with microfinance and the creation of MFI market leaders that will have a demonstration effect on others.

2 – Stimulate transparency, industry standards and benchmarking. This can be done through encouraging MFIs to report to the MIX Bulletin (currently the only reporting MFI in Rwanda is URWEGO), the organization of workshops on this topic, performance indicator collection and

stimulation by the microfinance network, and the provision of training to auditing firms in the area of microfinance.

3 – A mature sector will have developed an appropriate legal framework, offering MFIs legal options that allow them to flourish, and adequate prudential regulation and supervisory capacity to inspect and monitor deposit taking institutions.

4 – Encourage the development of a level playing field, so that a healthy competitive environment is being created, with sustainable institutions, in which over time prices will go down because of increased efficiency and competition. This implies that not all donors and investors pick the same winners, but at the same time it means also not to indulge in supporting non-specialist grassroots efforts with very little potential as this could distort the sector.

5 – Enhanced coordination, mentioned above, is not only desirable with a view to effective resource use and the creation of synergies but will lead to collaborative efforts without which a sustainable industry can not be created.

6 – A specific risk in Rwanda is that quite a few MFIs have been growing extremely fast over the past two years and are beginning to take sizeable market share. However, some of these have portfolio at risk figures$_{>30}$ around 10%, which is high, particularly for institutions that are only one-two years old. There is a risk that one of these young institutions, whose rapid growth has most likely been at the cost of organizational development, collapses and thus negatively impact sector confidence. Attention needs to be paid to this and collaborative efforts initiated to address it.

Strategy to broaden outreach

1 – Assist in the creation of strong institutions that have the capacity to go to scale in a sustainable manner. Currently UBPR and URWEGO are market leaders that demonstrate best practice financial service delivery in lower income market segments. Some other MFIs have emerged that have potential but need to seriously and significantly build institutional capacity.

2 – Support MFIs in a concerted manner in their efforts to implement industry best practices, formalize their operations and become more efficient, demand driven institutions. A sizeable industry can only be sustained by adequate local technical service providers.

3 – An immediate capacity building need of most MFIs is in the very core area of credit management and portfolio quality. This entails avoiding delinquency through better lending methodologies, loan tracking systems that capture the right information and that can be used to timely report on key parameters, loan classification and delinquency management.

4 – In view of the very rapid growth of some of the institutions, business planning and skills to plan for a managed and controlled growth are also an acute need and more critical in Rwanda than in some other countries.

5 – Massification of services demands automation and assisting MFIs in their MIS upgrade selection, testing, roll out and servicing arrangements. Paying attention to this fits well with Rwanda's focus on ICT.

Strategy to deepen outreach

1 – As mentioned, MFIs in Rwanda have not been putting much effort in market research and product development. With increasing competition, MFIs will be forced to deliver better products, more efficiently. Moreover, market research and product development will be critical to penetrate some of the more difficult market segments, such as the poorest of the poor, youth, populations in remote areas, etc..

2 – Research, in partnership with local institutions, with a view to innovating effective service delivery in an agricultural based economy. There is a great need to develop innovative products to better meet client demands in rural areas. Value chain projects can provide insight on agricultural credit needs and market intelligence, which will be invaluable for the adaptation of agricultural products. Mobile banking is another innovation to be researched and possibly piloted.

3 – Gender mainstreaming and awareness raising with partners, will deepen outreach to increase the number of women reached with financial services.

5. Conclusions

In the past decade Rwanda has encountered a series of problems unmatched by any other nation in the world. The effects of the 1994 genocide are still very much a present challenge to every aspect of the country's development. Peace and reconciliation are still at the forefront of the national agenda, where poverty levels have risen significantly after the war.

Rwanda is an agricultural based economy, where most farmer's production is at a subsistence level. This population is hard to reach and largely unattended by both the formal banking and microfinance sectors.

This is one of the reasons that even though the microfinance sector has been growing rapidly over the past few years and penetrated a significant portion of the urban population, there is still a big demand – supply gap in the country at large. Services are concentrated in urban areas, such as Kigali, Gitarama, Butare and Ruhengeri, where the markets are becoming saturated. At the same time other geographical areas' demand is completely untapped.

The microfinance sector in Rwanda is still young and industry knowledge has to be enhanced, particularly on common best practices and microfinance's role and limits. It is a context, where there is room for a wide range of stakeholders to contribute and potential high impact of resources dedicated to this effort.

The government has already started a broad policy drafting exercise and this will have to continue and policy dialogue stimulated and facilitated for at least two-three more years. BNR needs to continue to strive at an ever more enabling environment that safeguards deposits, especially as it concerns deposits of the poor. MFIs need ample and intensive capacity building over the coming years and the network and donors can play an important role in this regard. The support infrastructure needs to be built almost from scratch so as to fortify the sector and increase its transparency. This implies that stakeholders keep the bigger picture in mind and ensure that activities contribute to the building of a sustainable, competitive industry with local technical service provider capacity, microfinance discussion forums, specialist audit firms, research institutions, a credit bureau, linkages with business development services (BDS) providers and eventually rating agencies. If

stakeholders continuously seek for synergy, an efficient and sustainable inclusive financial sector is bound to develop, with a broad financial service menu to which ultimately any bankable Rwandan can have access.

Annex 1: People Interviewed

Name	Institution	Contact Information
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MATHENGE, James	World Vision Rwanda	Tel : 250 511772 Mobile : 250 08303568 Email : james_mathenge@wvi.org Behind the South African Embassy, Kacyiru South, Kigali
MUHIKIRA, Eusebe	CAPMER	NA
HODALI, Jean Damascene	CAPMER	NA
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RUMENERA, Philippe	Université du Rwanda; Centre de Recherche et d'information en socio-économiques rural (CRISER)	Université du Rwanda, Butare
RUTIKANGA, Innocent	CARE	Tel : 250 583147 Mobile : 250 0835666
NAMARA, Harrington	Banque Commercial du Rwanda	Tel : 250 575591 Mobile : 250 083 03335 Email : hannyprk@yahoo.com 11, Boulevard de la Révolution, Kigali
NDAGIJIMANA, Gaspard	Dutch Embassy	Tel : 250 584348 Email : gaspard.ndagijimana@minbuza.nl
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KARERA, Timothy	USAID	Tel : 250 570940 Mobile : 250 08303500 Email : tkarera@usaid.gov BP 2848 Kigali, Rwanda
KAMURASE, Robert	British Embassy	NA
NGARAMBE, Michel	PADEBL	Mobile : 250 08508082
UMURERWA, Séraphine	PADEBL	NA
LARIELLE, Benoit	UNCDF/UNDP	Tel: 250 590438

		Mobile: 250 08879734 Email: benoit.larielle@undp.org 12, Avenue de l'Armee, Kigali
NAMBAJIMANA, Lanech	ILO – IPEC Rwanda	Mobile: 08304167
HATEGEKIRANA, Gabriel	Catholic Relief Services	Tel: 250 582112 Mobile: 250 08519284
MUTUYIMANA, Innocent	DFID	Tel: 250 585280 Mobile: 250 08303913 Email: i-mutuyimana@dfid.gov.uk Parcelle 1131, Boulevard de l'Umuganda Kacyiru – Sud, Kigali
FOURNIER, Juliette	Canadian Embassy	Tel: 250 571762
SEBAGENI Grace	World Relief	250 -87190
MUREKEZI Fiacre	Rwanda Microfinance Forum	250-573763
KABAYIZA Martin	Réseau Interdiocésain de Microfinance	
BARASA Jules	Founder Inkingi and Ongera	+250 08644254
MABAYE Lo	Experts & consultants Unis Inc.	
TUGIRIMANA Xavier	Coopec Gisubizo	Mobile: 250 08307058
NYIRUMURINGA Prosper	Banque Rwandaise de Développement	250 - 575079
KAVUGIZO Kévin	Banque Nationale du Rwanda	250 – 74532 / 08532248 Email: kavugizo@yahoo.fr

Annex 2: Bibliography

African Development Bank, Rwanda, Evaluation of the Banks Assistance to the Social Sector, Sept. 2002

BNR, Instruction n°06/2002 de la banque nationale du Rwanda relative à la réglementation des activités de microfinance, 2002.

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MINECOFIN, 'Politique Nationale de Microfinance', Novembre, 2005

MINICOM, 'Etude sur l'Evaluation des Besoins en Formations et en Interventions des Entreprises Rwandaises', Fonds de Soutien au Secteur Prive, Octobre 2000).

Rapport de l'atelier d'analyse et de réflexion sur la réévaluation de la mission du Rwanda Microfinance Forum; Juillet 2005

SNV, country position paper

Williams, A. Post Conflict Microfinance Research Summary, 2002

WOCCU, 'Rwanda Credit Union member and non-member survey 2002', Research Monograph Series, No 20, Kigali.

Annex 3: Key indicators of major organizations providing microfinance in Rwanda – Main MFIs

Organization Key Indicators	RIM SA	COOPEDU	UBPR	Coopec Ejo Heza	Coopec Inkingi
Founded	2004	1997	1975	2004	2004
Start Credit operations	2004	1997	1975	2004	2004
Registration/Institutional Charter	Society limited by liability	Cooperative	Cooperative	Cooperative	Cooperative
Number of Active Borrowers	50,000	3,803	68,368	5,839	66,791
Number of Active Savers	NA		356,407	9,500	66,791
Number of Offices	12	4	149	8	35
Staff & Credit Officers	200			46	195
Target group/Market Niche	Poor people at the province level	Poor people in Kigali town and suburban areas	Middle income at the district level	Unbanked people at the district level	Poor people in urban and rural centers
Eligibility for loan	Have a savings account for 6 months and take part in a group	Be a member of the cooperative	Membership & variable asset based collateral	Membership in the cooperative and take part in a group activity	Membership in the cooperative and take part in a group activity
Lending Methodology	Group lending	Group lending	Individual lending	Group lending mainly	Group lending and Individual lending
Avg. Loan Disbursed		50,133	286,698		13,526
Loan Range	Up to 500,000	From 40,000 up to 800,000	From 20,000 up to 10 million	Depending on loan cycle and client's savings From 20,000 FRw - Up to 70,000 FRw	Depending on loan cycle and client's savings From 100,000 FRw - Up to 1,000,000 FRw
Activities financed	Dwelling, agriculture, trade.	Dwelling, agriculture, trade.	Agriculture, trade, house building, transport, etc.	Dwelling, agriculture, trade.	Commercial activities and asset acquisition
Interest Rate (monthly, indicate whether flat/cb))	3% monthly	18% per year		2% monthly	2.25% monthly
Repayment frequency	Weekly	Weekly	Monthly	Monthly	Daily
Funding Start-Ups?	Yes		No	Yes	Yes
Portfolio at Risk (>30 day)	10%	7%	8%	5%	>10%
Clients/credit officer	416	NA		225	400
Donors	Catholic church		WOCCU	NGOs and Government	
Business Plan goals if any		Become a major market player		To become the biggest grassroots organizations' network	To become the leading MFI in the next 3 years

*Exchange rate used: 1US$= 530 RWF

LISTE DES COOPECs et IMF agréées AU 09/01/2006

Dénomination	Forme juridique	Agrément définitif (AD)	Agrément provisoire (AP)	Tél.	BP
1. CFE AGASEKE	SA	AD			265
2. ZIGAMA CSS	COOPEC	AD		571184	4772
3. Vision Finance Company AMIZERO	SA	AD		501364/08301266	
4. COOPEC IRIBA	COOPEC	AD			
5. URWEGO Community Banking	SA	AD		583691	3318
6. RIM	SA	AD		503616	951
7. RWANDA Microfinance	SARL	AD		08307760	6839
8. IMF UNGUKA	SA		AP		
9. COOPEDU	COOPEC		AP	570143/570149	4053
10. DUTERIMBERE IMF	SA	AD		570129	6719
11. SWOFT	SA	AD		577355	1096
12. URUNANA Microfinance	SA	AD		08876368	3441
13. GWIZA-Microfinance	SA		AP		
14. UBUMWE IWACU	COOPEC		AP	08304756/08304757	6271
15. AMICOKA	COOPEC	AD		08467206	506
16. UNION des CLECAM GISENYI (Wisigara)	COOPEC	AD		08451712	241
17. CLECAM GISENYI-VILLE					
18. CLECAM KAYOVE					
19. CLECAM NYAMYUMBA					
20. CLECAM GASEKE					
21. UNION des CLECAM GITARAMA (Iramiro)	COOPEC	AD		562173	50
22. CLECAM GITARAMA VILLE					
23. CLECAM RUHANGO					
24. CLECAM KABAGARI					
25. CMF UMURIMO CYANGUGU	COOPEC	AD			

26. CMF UMURIMO IMPALA					
27. CMF UMURIMO BUGARAMA					
28. CMF UMURIMO GASHONGA					
29. CMF UMURIMO GATARE					
30. UNION des CLECAM RUHENGERI	COOPEC		AP		
31. CLECAM RUHENGERI VILLE					
32. CLECAM NYARUTOVU					
33. CLECAM BUTARO					
34. CLECAM BUKONYA					
35. CLECAM NYAMUGALI					
36. URUMULI Microfinance	SA		AP	08304600	1947
37. INKUNGA	COOPEC		AP		
38. ABIZERANYE	COOPEC	AD			
39. INTAMBWE Micro-finance/MVK	SA		AP	08506700	7048
40. INKINGI Microfinance	SA		AP	572179	2977
41. UBAKA	COOPEC	AD		517582/08504923	574
42. UNION des COOPECs INZIRA	COOPEC	AD		08594973	2858
43. INZIRA SAVE		AD			
44. INZIRA KIBUNGO-VILLE		AD			
45. INZIRA RUSUMO		AD			
46. INZIRA UMUTARA-VILLE		AD			
47. INZIRA KABARE			AP		
48. INZIRA BUTARE-VILLE		AD			
49. CSPKI/BYUMBA	COOPEC		AP	08442431	45
50. AL HALAAL	SA	AD			
51. COOPEC EBENEZER UMUCYO	COOPEC		AP		
52. COOPEC URUKUNDO	COOPEC		AP		

53. ISANDUKU TWIZIGAMIRE IWACU (ITI)	COOPEC		AP		
54. UNION des COOPECs JYAMBERE	COOPEC	AD			
55. JYAMBERE DE BUKAMBA		AD			
56. JYAMBERE DE RUHENGERI-VILLE		AD			
57. JYAMBERE DE NYAMYUMBA			AP		
58. JYAMBERE DE KAYOVE			AP		
59. Coopérative ISANGANO (MUHONDO)	COOPEC		AP	08863088	2403
60. COOPEC TWITEZIMBERE	COOPEC		AP		
61. Union des COOPECs UMUTANGUHA	COOPEC		AP	08558008	2998
62. UMUTANGUHA NYAMIRAMBO			AP		
63. UMUTANGUHA VUNGA			AP		
64. UMUTANGUHA MAHOKO			AP		
65. UMUTANGUHA GASARENDA			AP		
66. UMUTANGUHA KABAYA			AP		
67. COOPEC UBUMWE BW'INYARUREMA	COOPEC		AP		
68. CODESOBU	COOPEC		AP		
69. COOPEC ESPOIR	COOPEC		AP		
70. ONGERA MICROFINANCE	SA		AP	570847/08308411	6625
71. COOPEC INGASHYA	COOPEC		AP		4577
72. UNION DES COOPERATIVES DES AGRI-ELEVEURS (UCEA)	COOPEC		AP	546320	156
73. CEA GISENYI			AP		
74. CEA RUHENGERI			AP		
75. ACTIONS SOLIDAIRES POUR L'EPARGNE ET CREDIT (ASEC S.A)	SA		AP	08523787	388
76. COPECYA/RUHENGERI	COOPEC		AP	08476731	111

77. COOPEC ISHEMA MULINDI	COOPEC		AP	08305321	
78. UNION DES COOPECS IWACU	COOPEC		AP	08307089 08304461/08304462	5323
79. COOPEC IWACU KIMIRONKO			AP		
80. COOPEC IWACU MUHIMA			AP		
81. COOPEC IWACU BUHANDA			AP		
82. COOPEC IWACU GIKONDO			AP		
83. COOPEC IWACU KABUGA			AP		
84. COOPEC IWACU GITARAMA			AP		
85. COOPEC IWACU RUHENGERI			AP		
86. COOPEC IWACU BUTARE			AP		
87. KOPERATIVE ZIGAMA BICUMBI (KOZIBI)	COOPEC		AP		
88. UBUMWE BW'INYARUREMA	COOPEC		AP		
UBPR				53559	1348
Banques Populaires (134)	COOPEC				

AD= Agrément Définitif
AP= Agrément provisoire

N.B **: Parmi les 134 banques populaires agréées, 128 ont été agréées définitivement et 6 ont obtenu un agrément provisoire. Par ailleurs, pour les 15 banques populaires non encore agréées, 6 sont à fusionner.**